

# COMMITTEE STATEMENT

## LB 553

HEARING DATE: March 1, 1999

COMMITTEE ON: Banking, Commerce, and Insurance

TITLE: (Landis ) Change and eliminate provisions of the Public Funds Deposit Security Act

### ROLL CALL VOTE – FINAL COMMITTEE ACTION

---

Advanced to General File

Advanced to General File with Amendments

X Indefinitely Postponed

#### Vote Results:

8 Yes Senators Landis, Tyson, Aguilar, Bourne, Bruning,  
Jensen, Kremer, Schmitt

No

Present, not voting

Absent

PROPOSERS	REPRESENTING
Bill Marienau	Introducer for Senator David Landis
Bob Hallstrom	NE Bankers Association
OPPOSERS	REPRESENTING
Ray Pont, Interim Director	NE Dept. of Banking and Finance
Rex Holsapple	NE Investment Council
Gary Krumland	League of NE Municipalities
NEUTRAL	REPRESENTING

#### SUMMARY OF PURPOSE AND/OR CHANGES:

LB 553 (Landis) would amend the Public Funds Deposit Security Act by repealing its provisions and replacing them with provisions which would create a Nebraska Public Deposit Protection Commission (State Treasurer, State Auditor, and Director of Banking) to oversee public depositaries (banks and capital stock financial institutions) of public funds. The bill would require every public depositary to either provide a deposit guaranty bond or complete a depositary pledge agreement and maintain eligible collateral (as prescribed in this bill) segregated by deposit with a trustee. The bill

## COMMITTEE STATEMENT

would require that, in the event of a loss in a public depository, the commission shall make payment to the proper public treasurers, and that this would be accomplished by, among other steps, imposing pro rata assessments against the other public depositories of the same kind (bank or capital stock financial institution).

The bill, section by section:

Section 1. would amend section 77-2386 of the Public Funds Deposit Security Act to indicate that the provisions of the act would be outright repealed and replaced by the provisions of this bill;

Section 2. would enact a new section to provide for definitions;

Section 3. would enact a new section to provide that all public funds deposited in public depositories (banks and capital stock financial institutions) shall be protected against loss under the provisions of this bill, and that all such public depositories which are permitted by law to hold and receive public funds shall have power to secure such public funds in accordance with the provisions of this bill;

Section 4. would enact a new section to provide for the Nebraska Public Deposit Protection Commission consisting of the State Treasurer, the Auditor of Public Accounts, and the Director of Banking;

Section 5. would enact a new section to provide powers and duties of the Nebraska Public Deposit Protection Commission;

Section 6. would enact a new section to provide that every public depository (bank or capital stock financial institution) shall either (a) provide a deposit guaranty bond which runs to the Nebraska Public Deposit Protection Commission having a value at least equal to the public depository's maximum liability or (b) complete a depository pledge agreement and maintain, segregated (by deposit with a trustee) from other assets, eligible collateral (listed in section 7 of this bill) having a value at least equal to its maximum liability (The maximum liability of a public depository is defined in section 2 of this bill as ten percent of all public deposits held by the public depository or the average balance of such public deposits, whichever is greater.);

Section 7. would enact a new section to provide a list of classes of securities eligible to qualify as collateral, and to provide that the Nebraska Public Deposit Protection Commission may declare any particular security as ineligible to qualify as collateral;

EXPLANATION OF AMENDMENTS, IF ANY:

---

Senator David Landis

COMMITTEE STATEMENT